

ST 03-0189-GIL 11/21/2003 CERTIFICATE OF REGISTRATION

A social security number is required from corporate officers registering their business in Illinois.
See 35 ILCS 120/2a (This is a GIL.)

November 21, 2003

Dear Xxxxx:

This letter is in response to your letter dated October 15, 2003, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

On September 15, we asked the Registration Division, Department of Revenue, to give our corporation an alternative to divulging corporate officers' social security numbers, in order to register to pay corporate income tax on business conducted in Illinois.

We have been informed there is no alternative. Of course, the Division quoted us the law, the statute, and the authority permitting gathering of our social security numbers. Whether you *can* isn't the issue, is it? Isn't the question: *Why* are you gathering social security numbers in the first place?

You know the officers' names. You know where the officers' homes are. You know the corporation's federal identification number, its office address, what it intends to do. Putting the officers' social security numbers into one more data base seems to be mindless collecting of that information, dating from an earlier, more carefree age, when privacy, security, and identity could not be invaded and stolen by a sharp teenager.

For comparison purposes, consider that the Secretary of State believes he can authorize our STATE company to transact business in Illinois, without needing officers' social security numbers. Is it possible that 'nothing is ever done with the social security numbers' in the tax registration unit's files? If so, we again ask *why* the information is collected.

We respectfully request that you order Illinois agencies to justify collection of social security numbers, to cease collection if there isn't a compelling rationale for use, and to create and offer an alternate identification process whenever possible. We certainly understand that there is a need for some agencies to use social security numbers. Let's just be sure there is indeed a need, not just an old habit.

In order to pay its fair share of income tax to Illinois, this corporation has resolved to allow disclosure of its officers' social security numbers on the business income tax registration form. Our action does not mean we believe the disclosure is necessary nor acceptable.

Thank you for your attention to our business concerns. We are asking our legislative team to prepare legislation to address this problem, should your administrative action not be sufficient. Governor, we appreciate your help on this issue.

We recognize your concern regarding the necessity to include your corporate officers' social security numbers on the business registration form. The Department of Revenue is required by State law to request such numbers before it can grant a business registration. See 35 ILCS 120/2a. If the Department ignored the requirement, we would be violating the laws that we are created to enforce. In order to change the requirement, the legislature would have to amend the statutes to remove the requirement.

The Department uses the social security numbers in a variety of ways depending on the tax that we are administering. The first way that a social security number is helpful to the Department is when a corporation defaults on its tax payments. The Department is authorized to impose the tax liability owed by the corporation upon the corporate officers via the issuance of a Notice of Penalty Liability. See 35 ILCS 735/3-7. In order to collect this money, the social security number is used to check if any tax refunds are being issued by the Internal Revenue Service. The Department then levies that refund for payment of taxes. Another way that the social security number is used is to check on taxpayers that are a high risk. If when checking a corporate officer's social security number for liabilities against other State tax systems the Department finds that the corporate officer was associated with another business that has delinquent taxes, the Department will deny the new registration request. Due to similarity of names, the social security number of an individual is the only accurate method of validating that the corporate officer was an officer of the defaulted company. Finally, in some taxes a background check is required before a corporation can do business in Illinois. The social security number is used for this check.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

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